

Message Text

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ACTION EUR-12

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PASS AGRICULTURE ELECTRONICALLY

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT UK PORK SUBSIDY

REF: (A) EC BRUSSELS 649, (B) LONDON 1128

1. THE EC COMMISSION INFORMED THE UK GOVERNMENT JANUARY 26 OF ITS DECISION TO OPEN ARTICLE 93 PROCEEDINGS REGARDING THE PROPOSED UK SUBSIDY ON PORK PRODUCTION (REFTELS). THIS MEANS THAT THE UK CANNOT CARRY OUT ITS PLAN TO INTRODUCE ITS SUBSIDY JANUARY 31 AND HAS UNTIL FEBRUARY 4 TO PRESENT ITS VIEWS ON THE MATTER. AFTER THIS THE COMMISSION WILL MAKE A DECISION. IF THE UK DOES NOT CONFORM TO THE COMMISSION DECISION, THE COMMISSION OR ANY OTHER MEMBER STATE MAY TAKE THE ISSUE TO THE EUROPEAN COURT OF JUSTICE. DENMARK, IRELAND AND THE NETHERLANDS HAVE REPORTEDLY COMPLAINED TO THE COMMISSION ABOUT THE UK SUBSIDY.

2. THERE HAVE BEEN PRESS STORIES INDICATING THAT AVERAGE UK MARKET PRICES FOR PORK HAVE BEEN HIGHER THAN THOSE FOR THE UNCLASSIFIED

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WHOLE COMMUNITY, I.E., FOR CALENDAR YEAR 1976 123.4 U.A./100 KG. IN THE UK AND 119.0 U.A./100 KG. FOR THE WHOLE COMMUNITY. OUR COMMISSION SOURCES RECOGNIZE THAT SUCH A COMPARISON IS SLIGHTLY UNREALISTIC BECAUSE IT IS BASED ON GREEN RATE CONVERSIONS. THEY SAY THAT IMPORTS FROM MEMBER STATES INTO THE UK ARE PRICED WELL ABOVE UK MARKET PRICES. IN ADDITION, THE HOG/BARLEY RATIO IS MORE FAVORABLE IN THE UK THAN IN OTHER

MEMBER STATES.

3. WITH REGARDS TO EC MEASURES TO BE TAKEN IN THE PORK SECTOR, COMMISSION SOURCES HAVE TOLD US THAT THE PORK MANAGEMENT COMMITTEE HAS DECIDED TO RAISE EXPORT SUBSIDIES ON FRESH AND FROZEN PORK, PRIMARILY TO EASTERN EUROPEAN DESTINATIONS, EFFECTIVE FEBRUARY 1. THIS DECISION WAS TAKEN, ON THE ONE HAND, TO COMPENSATE FOR INCREASED GRAIN PRICES AND, ON THE OTHER, IN CONSIDERATION OF THE CYCLICAL DEVELOPMENT OF PIG PRICES WHICH ARE EXPECTED TO DROP IN THE SPRINGTIME. OUR SOURCES ALSO INFORM US THAT THE MANAGEMENT COMMITTEE WILL CONSIDER INTRODUCING PRIVATE STORAGE SUBSIDIES IN THE PORK SECTOR. THE COMMITTEE WILL CONTINUE TO MONITOR THIRD COUNTRY OFFERS CLOSELY AND MODIFY BASIC AND SUPPLEMENTARY LEVIES ACCORDINGLY. APART FROM A COUNCIL DECISION TO ADJUST THE UK GREEN RATE OR THE METHOD OF CALCULATING MONETARY COMPENSATORY AMOUNTS IN THE PORK SECTOR, OUR COMMISSION SOURCES CANNOT ENVISAGE ANY OTHER MEASURES THE COMMUNITY COULD TAKE TO ALLEVIATE THE PROBLEMS ON THE UK MARKET AS WELL AS COMMUNITY MARKET.

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